Meeting Summary
Natural Resources and Technical Services Committee
August 24, 2016, 5:30 p.m.

Committee Members:	Heather Payne (Chair), Dave Moreau, John Young (ex officio)
Staff:	Mary Tiger, Mary Darr, Todd Taylor, Ed Kerwin, Vishnu Gangadharan, Ruth Rouse, Pat Davis
Public:	None

The NRTS Committee met to review and discuss information regarding OWASA's Energy Management Program (Program).

Proposed Energy Management Program and Project Evaluation Framework (see Attachment 1 in Agenda Package)

Mary Tiger provided a brief summary of prior energy management activities. The next step will be to have the full Board of Directors approve a framework for the Program and Stakeholder Engagement Plan at its September 8th meeting, including a decision on the use of a social cost of carbon in clean energy business case evaluations.

Mary summarized four goals for the Program:

1. Achieve energy management goals and objectives set by Board of Directors.
2. Foster a clean energy culture at OWASA through employee engagement and continuous improvement/innovation, which includes the development of an Energy Management Team.
3. Ensure strategic and prompt pursuit of clean energy opportunities.
4. Pursue cost-effective clean energy opportunities – use customer funds wisely and incorporate a cost-benefit analyses into project evaluation.

Staff proposed a set of screening criteria to evaluate projects (see Attachment 1 of the agenda). For those energy projects which pass the screening, staff would conduct a business case evaluation of the project. The Committee made the following suggestions regarding the screening criteria:

1. The screening should be based on a qualitative evaluation and not incorporate numeric weights. The potential of each project should be summarized as high, medium, or low.
2. Realistic/Implementable criteria – There was discussion that this may be a condition rather than a criteria. For example, if the strategy has not worked in past or is illegal, OWASA would not pursue the strategy/project. However, after further discussion, it was determined that this criteria could be scalable; for example, it may have worked elsewhere, but we need additional information to determine whether it would work at OWASA.
3. Operational Impacts criteria – The Committee discussed whether "incorporating into way OWASA does business" may quash innovation or creativity on the part of staff. It was suggested that this bullet could be reworded or incorporated into the "Realistic/Implementable" criteria.

4. Coordinates with Other Projects criteria – There was discussion that this criteria touches on economies of scale in terms of saving money or staff time; also addresses potential interdependency of certain projects.

The Committee also recommended that for the projects which pass the screening, the business case evaluation include a social cost of carbon. They suggested the social cost be identified separately, so energy cost savings with and without the social cost were clear. The Committee recognized the community engagement benefits of doing this. The Committee recommended the use of the Federal Inter-Agency Task Force value of $36 per metric ton to be consistently applied across projects. They also suggested that the Board package include background information on alternative social cost approaches and an example of how it would have changed the analysis completed for the Advanced Metering Infrastructure (AMI) project.

One question that came up was whether OWASA could be open to legal challenge by spending money on a project where the social cost of carbon helped justify the expense. The staff and Committee members thought that the benefits of energy management would accrue to our customers as well as the general population and the strong water/energy nexus benefits (e.g., project may also help extend life of a given resource such as a treatment plant or our water supply). However, staff will check with legal counsel.

Proposed Stakeholder Engagement Plan (Attachment 2 of Agenda Package)

The Committee thought that overall the Stakeholder Engagement Plan was good. The one suggestion was that staff should consider a word other than "message", which implies one way information. The revision should make clear that internal and external stakeholder input will help the Board make decisions.

The meeting was adjourned at approximately 7:00 PM.

Prepared by:

Ruth C. Rouse

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Ruth Rouse, AICP
Planning and Development Manager